

FTTH COUNCIL EUROPE – CEO INTERVIEW

Interview with Wim De Waele, CEO of iMinds, 2 September 2014

What role do you see for FTTH in the context of end-user requirements over the next 10 years? Do you think end users will need the capacity of fibre?

Today, we're seeing a subtle but important discrepancy between 'need' and 'demand'. The key question is not whether users will need fibre, but whether they will be prepared to pay for it. To me, creating demand for FTTH is vital, as most broadband users today are not fully aware of the benefits FTTH can bring. They may be aware FTTH is faster, but fibre is also all about latency, upstream and downstream capacity and, ultimately, the user experience.

Our own research with fibre Living Labs shows that people's attitudes towards FTTH change during use. Most participants consider the improved user experience of superfast Internet as the number one merit of FTTH. In this sense, promoting fibre today is primarily about marketing: people must have the opportunity to experience it for themselves. If we do this properly, end users will demand FTTH in the future. I believe the FTTH Council Europe has a very important role to play in this respect, as FTTH promoters.

I think we can learn a lot from successful launches of premium products, such as the iPhone, the electric Tesla car, or early flat-screen TVs. These products and technologies changed their respective markets by taking usability and quality of experience to new levels. Attracting influential early adopters in combination with word-of-mouth resulted in significant marketing buzz. Once you have experienced the superior qualities of these products, your phone, car or TV suddenly seems very old.

What are the main end-user services and applications that will require FTTH in the coming years?

There are several obvious candidates, mainly related to video, such as 4K and 8K ultra high definition. I also believe advanced video communication will benefit significantly from the symmetric bandwidth offered by fibre. However, to be frank, predicting which end-user services will really take off is notoriously difficult. In my opinion, a fibre deep infrastructure is the 'fourth utility' after electricity, gas and water. The 'killer app' for fibre, for want of a better term, is probably the user experience, often in combination with advanced cloud services. We have some evidence of this from our fibre Living Labs studies.

Many analysts see the eHealth sector as an important driver for next generation broadband. Would you agree with this?

eHealth is a very interesting but extremely complex market. For example, out of every €100 spent on healthcare, €1 goes toward prevention, whereas €90 are spent on the last two years of our lives. There is a great deal of potential here but the business models are often prohibitive, with reimbursement systems adding to the complexity.

To a large extent, eHealth is also associated with Internet of Things, sensor and body-area networks and the like. Often, these solutions are based on resource-constrained, battery-powered devices, where bandwidth is less of a limiting factor. Fibre will certainly play a role here, specifically in video-based eHealth applications. However, fibre in itself is not the eHealth panacea, but part of a bigger solution.

iMinds is well known for its innovative approach on broadband topics. What will be your main focus in the coming years?

In the coming years, we will be focusing on four different technical domains: the Internet of Things, big data analytics, cloud security and advanced visualisation. What role does fibre play in this? It is basically the underlying foundation. Fibre provides the infrastructure – also incorporating a fair amount of wireless connectivity – which connects all Internet of Things devices to the cloud infrastructure.

As stated, we believe the challenge for FTTH is not so much technology related, but is more about the user experience. Therefore, our own fibre research is increasingly focusing on things like fibre Living Labs – one of the

hallmarks of iMinds - as well as FTTH geo-marketing and business case modelling. We will definitely continue along this path.

iMinds is based in Ghent, a city with many students. Can you confirm that for young people today the availability of broadband is already a deciding factor when considering where they want to work and live?

I would say “yes”, based on what I hear around me, although we don’t currently have any hard facts to prove this for Ghent specifically. Still, I find it encouraging that 40% of the Swedish population is willing to pay a one-time fee of €2,000 for FTTH. It is seen as an investment in their property.

Do you think Europe will meet the Digital Agenda broadband targets? Do you think those targets are sufficiently future-proof for Europe to stay competitive in a global context?

I guess it is safe to say that the objectives will partly be met. Realising both key broadband goals - covering the entire EU with broadband above 30 Mbps by 2020 and having 50% of the EU subscribe to broadband above 100 Mbps – will be challenging, though. The question is also how to position FTTH to ensure it isn’t regarded as a technology only for the happy few.

Let’s take my earlier analogy about fibre deep infrastructure being the next utility one step further. We would never have accepted electricity or water being provided only to geographical areas where the business case for these services was positive for the provider. At the end of the day, digital is essential and money invested in providing fibre access will be more than recouped through cost savings to government. Making fibre in Europe a reality will require political courage and will and calls for both public and private investment in fibre.